



May 28, 2026

House Committee on Health and Human Services
Rhode Island State House
househealthandhumanservices@rilegislature.gov

Re: **Testimony SUPPORTING HB 8500,**

Dear Chair Donovan and Honorable Committee Members,

Thank you for the opportunity to submit this testimony in support of House Bill 8500.

ABC-RI stands for the rights and interests of all Rhode Islanders residing in long-term care facilities. We strongly support HB 8500 because it addresses a problem residents and their families know firsthand. When a facility runs into financial trouble, the people who pay first are the people who live there. Staffing thins out, supplies get short, quality slips, and in the worst case the facility closes and frail residents are uprooted from the place they call home. Rhode Island has watched this happen repeatedly, with multiple closures forcing many elderly and disabled residents to relocate. By the time a closure is announced, it is far too late to protect the residents affected.

H 8500 changes that timeline. The whole point is to see distress coming early enough to do something about it. Today the state largely learns that a facility is failing when the operator says so, which is usually the moment of crisis. A quarterly window into cash on hand, payables, receivables, operating costs, and margins gives the state a chance to act while options still exist.

The reporting required here is reasonable and proportionate. These are measures that well-run organizations already track for their own boards and lenders. The bill asks for standard balance sheet and income statement information, allows electronic filing, gives entities sixty business days after the close of each quarter to file, and directs the secretary to design a format that minimizes burden. It builds on audited financial statements rather than replacing them. For an industry where roughly two-thirds of nursing home residents are covered by Medicaid and the public is already the primary payer, asking covered entities to report on their financial health is a fair expectation.

Rhode Island has lived through what late detection costs. In 2023 three nursing facilities entered receivership in rapid succession: Pawtucket Falls Healthcare Center, forced in by the Attorney General after months of documented health and safety violations, and Hebert Nursing Home and Trinity Health and Rehabilitation Center, whose owners declared an inability to pay their debts. In each case the trouble was years in the making and invisible to the public until the moment of crisis. The owners of Hebert and Trinity had sold off the underlying real estate to an investment trust in 2017 and were paying out enormous rent on the buildings, money that left the facilities rather than going to resident care, while both reported some of the worst staffing ratios in the state. None of it appeared in any timely public filing, because none was required. The pattern is not confined to Rhode

Island. Genesis Healthcare, once the largest skilled nursing operator in the country, filed for bankruptcy in 2025 under more than a billion dollars in debt after years of sale-leaseback deals and layered debt that enriched its investors, and after its private equity takeover the share of its facilities rated above average by federal regulators fell from 38 percent to 15 percent. These are not isolated failures. They are the predictable result of financial decisions the state could not see until residents were already at risk. H 8500 would give the state a window into exactly that kind of distress.

The bill is also careful about what early warning does and does not obligate. Chapter 7.5 explicitly states that nothing in it requires the state to bail out a struggling entity. What it creates instead is a structured process: notification, a meeting to identify strategies, the option of a corrective action plan, and an escalation path to the governor when a serious risk falls outside existing agency authority. This lets the state intervene proportionately rather than choose between doing nothing and watching a facility collapse.

One provision matters a great deal for residents. The bill captures parent organizations, not just the licensed facility itself. Ownership in this sector is increasingly complex, with facilities owned through layers of holding companies and out-of-state investors, and decisions made at the parent level can drain a facility long before its own books show trouble. The cases above all turned on choices made above the facility level, in real estate deals and corporate debt that never appeared on the facility's own ledger. Bringing parent organizations into the requirement is essential if the state wants an accurate picture of where the money goes and where the risk sits.

We offer one suggestion. The disclosure provision directs the secretary to make findings available to the extent not otherwise protected by law. We encourage the Committee to ensure that residents, families, and the public can readily access findings of financial risk and imminent jeopardy for the facilities where people actually live. Families making the wrenching decision about where to place a loved one deserve to know whether a facility is on stable financial ground. Transparency to the public, not just to regulators, is what turns this data into a tool families can use.

Financial distress in a nursing facility is not an abstract accounting matter. It is a direct threat to the safety, dignity, and continuity of care of the people who live there. H 8500 gives the state what it needs to see that threat coming and respond before residents pay the price. We respectfully urge the Committee to support this bill.

Thank you for your time and attention, and for all of your work on behalf of all Rhode Islanders.

Sincerely,

Kathleen Gerard,
ABC-RI